



# CURRENCY

## Committee on Financial Services

**Michael G. Oxley, Chairman**

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## **Oxley Hails Passage of H.R. 1088 as a Major Victory for Investors**

Financial Services Committee Chairman Michael G. Oxley (OH) commended the Senate today on its passage of H.R. 1088, the Investor and Capital Markets Fee Relief Act. The bill will reduce a hidden tax on the nearly 100 million Americans who invest in the stock markets. It originated in the Financial Services Committee, passed the House by an overwhelming bipartisan margin on June 14, and will now be sent to the President for signature.

"This is a major victory for American investors," Oxley said. "For too long, the government has been making money hand over fist at the expense of American investors' long-term growth. With completion of congressional action today, this will stop, and investors will keep more of their money."

Currently, investors pay over \$3 million per trading day in excess transaction fees. The purpose of the fee is to fund the Securities and Exchange Commission (SEC), which monitors the nation's capital markets. As a result of unprecedented trading volume since 1983, fee revenue has exceeded the budget of the SEC by a significant and growing margin – currently the SEC is funded at more than six times its budget. The excess money goes to pay for other Washington programs.

The legislation, introduced by U.S. Rep. Vito Fossella (NY), will save American investors \$14 billion over ten years by reducing five hidden taxes, most notably a tax when stocks are sold. This fee hits any American who

owns an equity investment, including mutual funds, 401(k) plans, life insurance policies, and public and private retirement plans.

“Today the Congress has fulfilled its promise to reduce this unnecessary tax on capital and investment,” Fossella said. “Reducing these fees will help to expand access to capital and create added incentives for the American people to save and invest – key ingredients to spurring greater economic growth.

“The fees hinder productivity, limit investment and reduce the efficiency of the markets. Over time, they have grown into a massive tax on investors and capital and a nearly \$2 billion drag on the markets. I am delighted we have passed this legislation, and I anxiously await the day President Bush signs it into law.”

Oversight and Investigations Subcommittee Chairwoman Sue W. Kelly (NY) was an instrumental supporter of the bill. Today, she said, “With today’s Senate passage of the Investor and Capital Markets Fee Relief Act, we will lower an implicit tax on capital investment and stimulate our economy.

“We have returned to the intent of the act that created these fees and returned \$14 billion to people who have invested their savings in the market. Today is a victory for the victims of this tax - long-term investors, mutual fund holders, and consumers who earn a pension. These are teachers, police officers, and nurses – workers who are the fabric of our economy.”

Capital Markets Subcommittee Chairman Richard H. Baker (LA) said, “This is precisely the kind of shot in the arm that a sluggish economy needs – cutting excessive government fees and putting billions of dollars back in the hands of the investing public.”

The legislation also takes care to ensure that the SEC remains fully funded in order to protect investors from fraud. It provides for much-needed “pay parity” to help the Commission attract and retain the first-rate attorneys, accountants and economists it needs to properly regulate our nation’s rapidly growing and changing markets.

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